

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name: <u>Coloma City - Coloma Charter Township Joint Cemetery</u>	County Berrien
Audit Date March 31, 2005	Opinion Date May 20, 2005	Date Accountant Report Submitted To State: July 22, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- |   |   |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132])   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): <b>Plante &amp; Moran, PLLC</b>			
Street Address 511 Renaissance Drive, Suite 120	City St. Joseph	State MI	ZIP 49085
Accountant Signature 			

# **Coloma City - Coloma Charter Township Joint Cemetery**

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**Financial Report**

**March 31, 2005**

# Coloma City - Coloma Charter Township Joint Cemetery

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## Independent Auditor's Report

To the Coloma Cemetery Board  
Coloma, Michigan

We have audited the accompanying basic financial statements of the Coloma City - Coloma Charter Township Joint Cemetery as of and for the year ended March 31, 2005, as listed in the table of contents. These basic financial statements are the responsibility of the Coloma City - Coloma Charter Township Joint Cemetery management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Coloma City - Coloma Charter Township Joint Cemetery as of March 31, 2005 and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the Coloma Cemetery adopted the provisions of the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of April 1, 2004.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

*Plante & Moran, PLLC*

May 20, 2005

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# Coloma City - Coloma Charter Township Joint Cemetery

## Management's Discussion and Analysis

Our discussion and analysis of the Coloma City - Coloma Charter Township Joint Cemetery Board's financial performance provides an overview of the Cemetery's financial activities for the fiscal year ended March 31, 2005.

### Financial Highlights

As discussed in further detail in the discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2005.

- The Cemetery's total net assets decreased by \$23,045. A decrease in projected burial fees and no capital improvement reimbursement are the major contributors to the net asset decrease.

### Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Cemetery as a whole and present a longer-term view of the Cemetery's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year.

The fund financial statements present a short-term view; they tell us how the Cemetery's resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Cemetery's operations in more detail.

### The Cemetery as a Whole

The following table shows, in a condensed format, the net assets as of March 31, 2005. In future years, when prior year information is available, comparative data will be presented:

<b>Assets</b> - Current assets	\$ 19,293
<b>Liabilities</b>	
Current liabilities	1,163
Compensated absences	<u>11,663</u>
Total liabilities	<u>12,826</u>
<b>Net Assets</b> - Unrestricted	<u><u>\$ 6,467</u></u>

Despite net assets decreasing by approximately \$23,000 during the fiscal year, the Cemetery's overall financial health remains strong. The Cemetery has been able to pursue projects as planned and budgeted.

## Coloma City - Coloma Charter Township Joint Cemetery

### Management's Discussion and Analysis (Continued)

The following table shows, in a condensed format, the changes in net assets during the current year. In future years, when prior year information is available, comparative data will be presented:

<b>Revenue</b>	
Local unit contributions	\$ 55,109
Charges for services	22,561
Miscellaneous	<u>381</u>
Total revenue	78,051
<b>Expenses</b>	<u>101,096</u>
<b>Change in Net Assets</b>	<u><u>\$ (23,045)</u></u>

#### **Cemetery Activities**

- The Cemetery spent approximately \$2,600 on equipment and approximately \$22,000 on land improvements.
- The Cemetery expansion project is scheduled to begin in two to three years. No major expenses are anticipated until that time.

#### **Fund Budgetary Highlights**

The General Fund pays for the Cemetery's debts.

As shown in the budgetary comparison schedule, the Cemetery originally budgeted operational expenditures of \$107,109. During the course of the year, actual expenditures totaled \$100,773. Actual operating results ended up as a deficit of \$22,722. The significant budget to actual differences were a result of the following:

- Income from burial fees was \$8,400 less than budget.
- A budgeted capital improvement reimbursement did not occur.

#### **Economic Factors and Next Year's Budgets and Rates**

The Cemetery's budget for the next fiscal year will no doubt reflect another decrease in income. Due to the unforeseen, and the inability to estimate the number of burials each year, this amount cannot be estimated with any accuracy. The Cemetery Board has adopted a conservative budget that retains the current fund balance, but also facilitates priorities and quality services.

# **Coloma City - Coloma Charter Township Joint Cemetery**

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## **Management's Discussion and Analysis (Continued)**

### **Contacting the Cemetery's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Cemetery's finances and to show the Cemetery's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Cemetery Manager's office.

# Coloma City - Coloma Charter Township Joint Cemetery

## Governmental Fund Balance Sheet/Statement of Net Assets March 31, 2005

	General Fund, Modified Accrual Basis	Adjustments (Note 2)	Statement of Net Assets
<b>Assets</b>			
Cash (Note 4)	<u>\$ 19,293</u>	\$ -	\$ 19,293
<b>Liabilities and Fund Balance/Net Assets</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 1,163	-	1,163
Long-term liabilities - Accumulated employee benefits (Note 5)	<u>-</u>	<u>11,663</u>	<u>11,663</u>
Total liabilities	1,163	11,663	12,826
<b>Fund Balance/Net Assets</b>			
Fund balance - Unreserved - Undesignated	<u>18,130</u>	<u>(18,130)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 19,293</u>	<u>(6,467)</u>	
Net assets - Unrestricted		<u>\$ 6,467</u>	<u>\$ 6,467</u>



# Coloma City - Coloma Charter Township Joint Cemetery

## Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Balance/Statement of Net Assets Year Ended March 31, 2005

	General Fund, Modified Accrual Basis	Adjustments (Note 2)	Statement of Activities
<b>Revenue</b>			
Local unit contributions	\$ 55,109	\$ -	\$ 55,109
Charges for services	22,561	-	22,561
Miscellaneous	381	-	381
Total revenue	78,051	-	78,051
<b>Expenditures</b>			
Personnel	56,354	323	56,677
Professional services	2,165	-	2,165
Gas and oil	1,518	-	1,518
Supplies	3,819	-	3,819
Utilities	3,355	-	3,355
Repairs and maintenance	24,020	-	24,020
Capital outlay	5,313	-	5,313
Board fees	960	-	960
Insurance	2,226	-	2,226
Advertising	968	-	968
Miscellaneous	75	-	75
Total expenditures	100,773	323	101,096
<b>Excess of Expenditures Over Revenue</b>	(22,722)	(323)	(23,045)
<b>Fund Balance/Net Assets - April 1, 2004</b>	40,852	(11,340)	29,512
<b>Fund Balance/Net Assets - March 31, 2005</b>	<b>\$ 18,130</b>	<b>\$ (11,663)</b>	<b>\$ 6,467</b>

# Coloma City - Coloma Charter Township Joint Cemetery

## Budgetary Comparison Schedule - General Fund Year Ended March 31, 2005

	Original and Amended Budget	Actual	Variance with Budget
<b>Revenue</b>			
Local unit contributions	\$ 55,109	\$ 55,109	\$ -
Charges for services	31,000	22,561	(8,439)
Capital improvement reimbursement	20,000	-	(20,000)
Miscellaneous	1,000	381	(619)
Total revenue	107,109	78,051	(29,058)
<b>Expenditures</b>			
Personnel	58,325	56,354	1,971
Professional services	3,000	2,165	835
Gas and oil	2,000	1,518	482
Supplies	1,200	3,819	(2,619)
Utilities	3,200	3,355	(155)
Repairs and maintenance	22,400	24,020	(1,620)
Capital outlay	12,884	5,313	7,571
Board fees	1,100	960	140
Insurance	3,000	2,226	774
Advertising	-	968	(968)
Miscellaneous	-	75	(75)
Total expenditures	107,109	100,773	6,336
<b>Excess of Expenditures Over Revenue</b>	-	(22,722)	(22,722)
<b>Fund Balance - April 1, 2004</b>	40,852	40,852	-
<b>Fund Balance - March 31, 2005</b>	<u>\$ 40,852</u>	<u>\$ 18,130</u>	<u>\$ (22,722)</u>

# Coloma City - Coloma Charter Township Joint Cemetery

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## Notes to Financial Statements March 31, 2005

### Note 1 - Nature of Organization and Summary of Significant Accounting Policies

The Coloma City - Coloma Charter Township Joint Cemetery (the "Cemetery") is located in the City of Coloma, Michigan and is governed by an elected five-member board. The Cemetery is primarily funded through contributions from the City of Coloma and Coloma Charter Township, as well as lot sales and grave opening fees. Revenue is used to operate and staff the Cemetery. The accompanying basic financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. The Cemetery is a joint venture between the City of Coloma and Coloma Charter Township.

The accounting policies of the Cemetery conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

Effective April 1, 2004, the Cemetery implemented the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Significant changes in the statement include the following:

- A management's discussion and analysis (MD&A) section, which provides an analysis of the Cemetery's overall financial position and results of operations, has been included in the financial statements.
- The financial statements have been prepared using full accrual accounting for all of the Cemetery's activities.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The Cemetery's basic financial statements include both government-wide (reporting the Cemetery as a whole) and fund financial statements (reporting the Cemetery's major fund).

#### **Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

# Coloma City - Coloma Charter Township Joint Cemetery

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## Notes to Financial Statements March 31, 2005

### **Note 1 - Nature of Organization and Summary of Significant Accounting Policies (Continued)**

The statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Cemetery's net assets are reported as unrestricted net assets.

#### **Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Cemetery considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Cemetery reports only one major governmental fund - the General Fund.

#### **Financial Statement Amounts**

**Capital Assets** - Capital assets acquired by the Coloma City - Coloma Charter Township Joint Cemetery are the property of the respective governmental units of the Cemetery. These assets are accounted for in the capital assets of each local unit involved based on their proportionate ownership in the Cemetery.

**Long-term Obligations** - In the government-wide financial statements, compensated absences are reported as a liability in the General Fund. In the fund financial statements, compensated absences are not reported.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Other accounting policies are disclosed in other notes to the financial statements.

# Coloma City - Coloma Charter Township Joint Cemetery

## Notes to Financial Statements March 31, 2005

### Note 2 - Reconciliation of Government-wide and Fund Financial Statements

Total fund balances and the net change in fund balances of the Cemetery's governmental fund differ from net assets and change in net assets of the governmental activities reported in the statement of net assets and statement of activities. This difference results primarily from the long-term economic focus of the statement of net assets and statement of activities versus the economic focus of the statement of the governmental fund balance sheet and statement of revenue, expenditures, and changes in fund balances. The following is a reconciliation of fund balance to net assets and the net change in fund balance to the net change in net assets:

<b>Total Fund Balance - Modified Accrual Basis</b>	\$ 18,130
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Amounts reported in the statement of net assets are different because:

Compensated absences are included as a liability	<u>(11,663)</u>
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<b>Total Net Assets - Full Accrual Basis</b>	<u>\$ 6,467</u>
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<b>Net Change in Fund Balances - Modified Accrual Basis</b>	\$ (22,722)
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Amounts reported in the statement of activities are different because:

Increase in the accrual for long-term compensated absences reported as an expenditure in the statement of activities, but not in the fund financial statements	<u>(323)</u>
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<b>Change in Net Assets of Governmental Activities - Full Accrual Basis</b>	<u>\$ (23,045)</u>
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### Note 3 - Budget Information

The annual budget is prepared by the Cemetery Treasurer/Secretary and adopted by the Cemetery Board; subsequent amendments are approved by the Cemetery Board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures.

# Coloma City - Coloma Charter Township Joint Cemetery

## Notes to Financial Statements March 31, 2005

### Note 3 - Budget Information (Continued)

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget has been adopted on a line item basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. The budget as adopted is presented in these financial statements, and includes expenditure budget overruns. The budget was not amended during the fiscal year.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - During the year, the Cemetery incurred expenditures that were in excess of the amounts budgeted, as follows:

	Budget	Actual
Supplies	\$ 1,200	\$ 3,819
Repairs and maintenance	22,400	24,020

### Note 4 - Deposits and Investments

The Cemetery's cash is comprised solely of bank deposits, including checking and savings accounts. The balance of deposits at March 31, 2005 was \$19,293. Those deposits were recorded in the accounts of the bank without recognition of checks written but not yet cleared or of deposits in transit) of \$25,094 at March 31, 2005, all of which was covered by federal depository insurance.

### Note 5 - Long-term Debt

#### Outstanding Debt

A summary of the debt outstanding of the Cemetery at March 31, 2005 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated absences	\$ 11,340	\$ 323	\$ -	\$ 11,663

# **Coloma City - Coloma Charter Township Joint Cemetery**

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**Notes to Financial Statements  
March 31, 2005**

## **Note 6 - Risk Management**

The Cemetery is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Cemetery participates in the Michigan Townships Participating Plan for all claims.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.



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May 20, 2005

To the Board  
Coloma City - Coloma Charter Township  
Joint Cemetery  
Coloma, Michigan

In planning and performing our audit of the financial statements of the Coloma City - Coloma Charter Township Joint Cemetery for the year ended March 31, 2005, we considered the Cemetery's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Cemetery's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, the item below is a reportable condition that we believe to be a material weakness.

### **Segregation of Duties**

Control over cash transactions is not adequate due to insufficient segregation of duties. One individual is responsible for all cash receipt and cash disbursement transactions. Management does not feel it is cost effective to add staff to separate these functions.



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May 20, 2005

## Budget Variances

When comparing budgeted numbers to actual results for the fiscal year, we noted several variances between amounts budgeted and final actual expenditures. Since the budget process includes a great deal of estimating, it is not unusual for significant variances to develop. We recommend the Cemetery Board monitor expenditures in the various funds and appropriately amend the budget to maintain compliance with State budget regulations. Budget amendments should be adopted before budget overages occur.

To assist you in your future budgeting efforts, following is a reminder of the requirements the Cemetery Board must comply with as part of the Uniform Budgeting Act (P.A. 621):

- A budget must be adopted for the General Fund.
- The budget must be balanced, including beginning fund balance.
- The budget must be amended when necessary (prior to year end).
- Public hearings must be held before the budget is adopted.
- Expenditures cannot exceed budget appropriations.
- Expenditures must be authorized by a budget before being incurred.

We sincerely thank you and appreciate the courtesy and cooperation extended to us by you and the members of your organization during the audit. We appreciate the opportunity to present these recommendations for your consideration and will be pleased to discuss them further at your convenience.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*